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PACKAGING AS A MEANS OF INCREASING EFFICIENCY OF LOGISTICS SERVICE

Abstract

Every company trying to get on the market with its own products is planning to receive as many orders and customers for that product as it is possible. But the products are not always adequately accepted by the market. Product promotion on the market is possible only when the product satisfies needs of the customers and its quality meets the market expectations. If it does not, then the product loses its appeal to buyers rapidly and then leaves the market. To prevent such situations, it is very important to use all features of a product including the packaging.

Marketing pays much attention to the packaging. Packaging, its quality and its functions aimed basically at the market promotion are very important for the such success.

Packaging also has a big affect on the logistics efficiency, where the qualitative improvements could be reached by the development of the "logistical packaging" concept. On the one hand, packaging plays an important role in protecting a product quality, but from another hand it should also arouse an interest among buyers. The simultaneous achievement of these two objectives is a quite complicated task. Types and benefits of packaging, factors that influence the type of packaging and factors influencing the choice of packaging are reviewed in the article. Also overview of different packaging functions is described by relation to logistics and marketing categories.

Keywords: *logistics, logistics service, packaging, packaging functions.*

RESULTS

Packaging is an important and essential attribute of a product in the modern world. It is a container or a product wrapper [3, 7, 8, 10, 18].

Depending on the purpose packaging are divided into the following types [3, 9, 10, 11]:

- primary;
- secondary;
- shipping.

Primary packaging - is a one where the product is placed after the manufacturing process. Secondary packaging is used in addition to the primary and is usually thrown out to the garbage when the product gets to the consumer. It is usually a sort of additional advertising and promotion in the market. Shipping packaging is a packaging, required for the primary packaging storage and transportation.

In the modern world packaging creates an additional value for a customer by providing the following benefits:

- Informational – it gives a required product details.
- Functional – it helps to ensure the consistency, security and the safety of a product, guarantees a comfortable usage of a product.
- Perception benefits – it provides a positive perception with the help of a bright design proposal, which is easy to remember.

There are the following factors that influence the type of packaging in a practice:

- the properties and characteristics of the goods, weight and volumes during transportation, loading and storage;
- level of adaptability to the transportation, storing;
- types of goods and means of transport, as there are significant differences in the package, depending on the vehicle

The choice of packaging manufacturer is affected by many factors. Basic are presented in Figure 1.1. [3]

Functions of package start to be formed right from the production of goods. They apply to the entire product life cycle - from the manufacturer to the wholesaler or retail store. Package does not function at a time when the customer or consumer takes out it's goods and destroys it.

Functions of packaging are too complex, but we can relate them to two main categories: logistics and marketing. Overview of important packaging functions is presented in Figure 2. [17]

A detailed review of the marketing and logistics functions of packaging is shown below.

Promoting the product / brand

Packaging is an effective instrument of promoting and providing information about the product. It plays the role of a means of communication between company and consumers. It creates an image of this industry through design, color, shape, material reflects its popularity not only before and during the purchase of the goods, but after using it. In other words, the packaging advertises the brand and the product, it is deeply involved in creating the image of the goods.

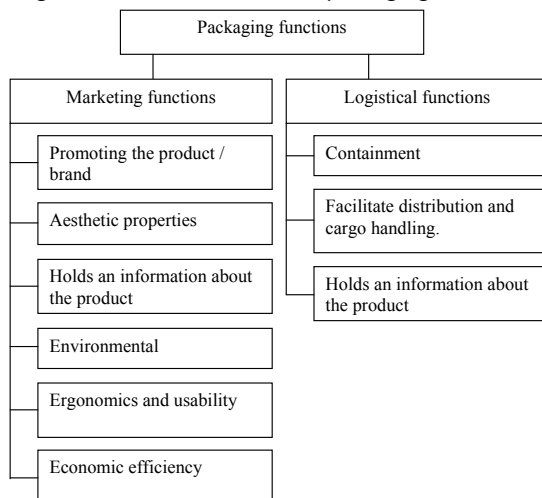
Figure 1. – Factors influencing the choice of packaging



Aesthetic properties

The size, shape and color of packaging can stimulate the consumer desire to buy the product. In the same way packaging can increase the subjective value of the goods and encourage the buyer to a thoughtless purchase. Packaging of a product should be different from the competitors one, it should have its own special design and image to help consumers quickly find the goods.

Figure 2. Overview of different packaging functions



Holds an information about the product

Packaging should carry all the necessary information. First of all, it provides identification of the product, informs the buyer about the features of the goods and is the last joining link with the consumer on the trading floor, prompting him to buy the product, which is preceded by advertising and promotion of the product in other ways. It should contain a list of ingredients, usage instructions of the product, instructions on how to store the product, etc.

Environmental

Ability of the package during the usage and disposal not to cause significant harm to the environment. On the one hand, the packaging must protect the packaged product from the harmful effects of the environment, and on the other – it should also provide the protection of people and the environment from the aggressive and dangerous products through their special packaging. During the disposing of different types of packaging a variety of substances with the varying degrees of impact to the nature are thrown to the environment. This included the recovery / recycling, toxicity, dematerialization, safety and recycling function.

Ergonomics and usability

This may be noted in a convenience for the consumer to use the packaged product, as well as the availability of special tools make it easier to consume. This role is particularly versatile and must be designed to meet the needs of the consumer, i.e, packaging should maximize the effect of useful services provided to the buyer of that product.

Economic efficiency

It is connected with a selection of optimal packaging technology in particular and the production process in general. Production of packaging and packaging products require high material and labor costs, which together determine its value. Packaging costs have an important place in the economy of the individual companies and entire industries of economy. They significantly affect the price of the product. On the one hand, it is necessary to seek for economy of material and working time in the production of packaging and packaging materials, on the other - it is necessary to seek the rational scheme of the operations of the packaging, storage and marketing of packaged products

Economic considerations are the main selection criteria. Considered to be the most effective package the one that provides the lowest cost and the biggest savings of human power on all stages of its usage - from manufacturing to disposal. Packaging costs should not be a major part of the cost of goods, so a package that would provide the best protective properties in the required time storage of goods must be chosen.

Containment

Modern packaging must retain all the qualities of the goods - freshness, smell, taste, and appearance. Packaging lies between the product and the environment, while the main aim of packaging is to protect the product from all that may be partially or completely ruin it.

Facilitate distribution and cargo handling

This function includes the ease of handling in the process of sorting, storage, transportation and marketing, improving all warehouse processes. It is also important to take into account to the creation of

rational units of cargo for transportation, loading and unloading goods and the creation of optimal (weight and volume) units for the sale of goods.

The desire of designers to create an original and complicated packaging, which is often prompted by the requirements of the marketing, may lead to the unplanned increasing of logistical costs of physical distribution. Marketing sometimes defines a packaging term as an “silent seller” concept because on the retail stage it may become the decisive factor affecting sales greatly. From the position of marketing the following parts are important for the product: the appearance of packaging, its colorfulness, the presence of complete information about this product – i.e. a list of features, that can distinguish a product among similar interchangeable goods from the different competitor offers.

For a logistics manager packaging is important principally from the view of its sizing and ability for the protection the product from the possible damages during its transportation and cargo handling. In particular, the end-user (trading) packaging should be suitable for placing it in an industrial or outer shipping container preferably with the most optimal capacity usage.

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